

Message Text

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ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 TRSE-00 FRB-01 ACDA-10 SCEM-01

SCI-03 EB-03 NSC-10 NSCE-00 CIAE-00 INR-10 NSAE-00

RSC-01 AEC-05 PM-03 DODE-00 DRC-01 /073 W

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R 071908Z DEC 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9160

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY TEL AVIV

AMEMBASSY MOSCOW

AMEMBASSY VIENNA

USMISSION GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 17691

LIMDIS/NOFORN

DEPT ALSO PASS TREASURY, FRB, AND U.S. INTEREST CAIRO

VIENNA FOR MBFR DEL: GENEVA FOR CSCE DEL

E.O. 11652: GDS

TAGS: PFOR, FR, GW, EEC, XF

SUBJECT: BRANDT-POMPIDOU SUMMIT: THE TETE-A-TETES

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REF: BONN 17316

BEGIN SUMMARY: SENIOR FONOFF OFFICIAL HAS BRIEFED DCM ON THE BRANDT-POMPIDOU TETE-A-TETES, SUPPLEMENTING IN SOME IMPORTANT RESPECTS THE FRG REPORT ON THE PLENARY SESSIONS OF THE FRANCO-GERMAN SUMMIT COVERED IN REFTEL. FONOFF OFFICIAL COMMENTED ON BRANDT PROPOSAL FOR "ENERGY COUNCIL," URANIUM ENRICHMENT, ECONOMIC AND MONETARY UNION, REGIONAL POLICY, COMMON AGRICULTURAL POLICY, FINANCIAL CONTROL WITHIN THE COMMUNITY, EC POLITICAL CONSULTATIONS AND EUROPEAN DEFENSE. HIGHLIGHTS FOLLOW. END SUMMARY

1. ENERGY COUNCIL. WE REPORTED IN REFTEL PARAS 3-4 THAT, DURING DISCUSSION OF ENERGY PROBLEM AT PLENARY SESSION OF FRANCO-GERMAN SUMMIT BRANDT MADE NO MENTION OF NEW INSTITUTIONS. CHANCELLOR'S REFERENCES TO "ENERGY COUNCIL" WERE LIMITED TO HOPE THAT DEC 3-4 EC COUNCIL MEETING AT BRUSSELS COULD WORK OUT POSSIBLE SOLUTIONS FOR SHORT-TERM PROBLEMS IN PREPARING FOR THE SUMMIT. SENIOR FONOFF OFFICIAL HAS NOW INFORMED DCM THAT, IN FACT, DURING HIS TETE-A-TETES WITH POMPIDOU, BRANDT DID PROPOSE CREATION OF A NEW INSTITUTION TERMED "EC ENERGY COUNCIL." CHANCELLOR SAID "ENERGY COUNCIL" SHOULD BE ASSIGNED TASKS OF ANALYSIS AND PRESCRIPTION AND SHOULD HAVE THE POLITICAL WEIGHT NECESSARY TO ASSURE COMMON ACTION. FONOFF REP SAID POMPIDOU REACTED WITH A BLEND OF CONCERN FOR FRENCH NATIONAL INTERESTS AND A READINESS AT LEAST TO DISCUSS POSSIBLE COMMUNITY APPROACH. OUR SOURCE SAID THE CHANCELLOR'S COMMENTS TO POMPIDOU HAD SERVED THE PURPOSE OF PUTTING THE FRENCH ON NOTICE THAT THIS WOULD BE AN IMPORTANT TOPIC AT THE COPENHAGEN EC SUMMIT.

2. URANIUM ENRICHMENT. FONOFF OFFICIAL SAID POMPIDOU HAD VOICED TO BRANDT A WILLINGNESS TO DISCUSS THE POSSIBILITIES FOR PROCEEDING WITH BOTH THE CENTRIFUGE AND GASEOUS DIFFUSION PROCESSES. POMPIDOU ACKNOWLEDGED DIFFICULTIES FOR BONN IN INVESTING IN BOTH METHODS, GERMAN CONCERN THAT THERE COULD BE AN EXCESS OF ENRICHED

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URANIUM ON THE MARKET BY 1985 AND GERMAN FEAR THAT URANIUM ENRICHED BY GASEOUS DIFFUSION PROCESSES WOULD BE TOO EXPENSIVE. NONETHELESS, POMPIDOU AVERRED THAT IT COULD BE PROFITABLE TO PROCEED WITH BOTH METHODS, AND INDICATED THAT FRANCE WOULD BE WILLING TO DISCUSS SERIOUSLY PARTICIPATION IN THE CENTRIFUGE PROCESS. FONOFF REP SAID POMPIDOU PORTRAYED HIMSELF AS BEING VERY OPEN MINDED AND PRAGMATIC ON THESE QUESTIONS. OUR SOURCE

SAID THE GERMANS AND FRENCH WILL CONTINUE TO DISCUSS
THESE MATTERS.

3. EC ISSUES. ACCORDING TO FONOFF OFFICIAL, BRANDT
SAID HE WAS VERY FLEXIBLE ON HOW TO PROCEED CONCERNING
SECOND PHASE OF ECONOMIC AND MONETARY UNION. BRANDT
VOICED READINESS TO ESTABLISH REGIONAL FUND, BUT
ASKED THAT IT BE LIMITED AT LEAST
INITIALLY TO THE REALLY NEEDY REGIONS RATHER THAN
COVER HALF THE TERRITORY OF WESTERN EUROPE; THIS WOULD
ASSURE THAT THE BRITISH, ITALIANS AND IRISH WOULD
BENEFIT. CONTINUING, BRANDT SAID HE WAS ALSO READY TO

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AGREE TO PROGRAM OF SOME SHORT-TERM MONETARY ASSISTANCE, BUT ADDED THAT THIS WOULD BE SIMPLY PATCH WORK UNLESS THERE WAS A HARMONIZED ECONOMIC POLICY. CHANCELLOR SAID IT WOULD BE NECESSARY TO REVIEW THE CAP. HE SAID IT MADE NO SENSE TO SUBSIDIZE FIRST PRODUCTION AND THEN THE DESTRUCTION OF CROPS, NOTING THAT TREMENDOUS AMOUNTS WERE INVOLVED. BRANDT SAID AN OBJECTIVE ANALYSIS SHOWED
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THAT THERE REALLY IS NOT RPT NOT A COMMON MARKET IN AGRICULTURE, AS THE CAP IS DEPENDENT UPON COMMON LEVIES AT THE BORDERS. FONOFF REP SAID THE FRENCH EXPRESSED SOME UNDERSTANDING FOR THE CRITIQUE.

4. TURNING TO FINANCIAL MATTERS, BRANDT TOLD POMPIDOU THAT IT WAS IMPORTANT THAT THE THREE REMAINING CURRENCIES REENTER THE SNAKE. WHILE THIS COULD NOT BE DONE IN ONE STEP, BRANDT HOPED SOMETHING WOULD EMERGE OUT OF THE COPENHAGEN SUMMIT. LIKE SCHMIDT AT THE PLENARY SESSION(REFTEL - PARA 17), BRANDT STRONGLY EMPHASIZED THE NEED FOR BETTER FINANCIAL CONTROL IN THE COMMUNITY, SAYING THIS IS ESSENTIAL IN ORDER TO AVOID ENTERING BLINDFOLDED INTO COMMITMENTS THAT WILL LEAD LATER TO OVERRUNS INVOLVING MANY MILLIONS OF MARKS. BRANDT TOLD POMPIDOU THAT SOMEBODY MUST BE ENTRUSTED WITH THE FINANCIAL IMPACT OF AGREED COMMUNITY PROGRAMS. IF THIS COULD NOT BE THE EUROPEAN PARLIAMENT AS THE FRG WOULD WISH, THEN IT MUST BE SOMEBODY IN THE COMMUNITY EXECUTIVE BRANCH.

5. POLITICAL COOPERATION. FONOFF OFFICIAL SAID THE CHANCELLOR VOICED DISMAY THAT IT SO FAR WAS NOT EVEN POSSIBLE FOR THE COMMUNITY STATES TO VOTE AS A UNIT AT THE UNITED NATIONS. BRANDT INDICATED IT MIGHT BE A GOOD IDEA FOR THE NINE TO ABSTAIN ON SUCH U.N. VOTES IN WHICH IT IS DIFFICULT TO REACH A CONSENSUS. IN ANY CASE, BRANDT AND POMPIDOU AGREED ON THE NEED TO INTENSIFY POLITICAL COOPERATION AND CONSULTATIONS, WHILE AT THE SAME TIME RECOGNIZING THAT DEVELOPMENT OF A GENUINE COMMUNITY FOREIGN POLICY WOULD BE A PROTRACTED PROCESS.

6. DEFENSE AND MBFR. BESIDES THE INTERCHANGE REPORTED IN REFTEL PARA 6, BRANDT ADVOCATED IMPROVED EXCHANGE OF INFORMATION ON DEFENSE POLICY ISSUES. HE RECOGNIZED FRENCH SUSPICIONS AND DISLIKE OF MBFR, BUT THOUGHT IT WOULD BE USEFUL AT LEAST TO HAVE SOME CONSULTATIONS ON THE TOPIC. BRANDT SAID INTENSIFIED BILATERAL DISCUSSION OF WEST EUROPEAN DEFENSE COOPERATION ALSO WOULD BE USEFUL.

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